

Accounting & Auditing Services, LLC

Financial Audits + Agreed Upon Procedures + Tax + Consulting

Acequia de Tecolotito

Independent Accountant's Report on Applying Agreed-Upon Procedures

For the Fiscal Year Ending December 31, 2019

Acequia de Tecolotito
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Fiscal Year Ending December 31, 2019

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**Acequia de Tecolotito
Official Roster
Fiscal Year Ending December 31, 2019**

Board of Commissioners

Mary S. Baca, President

Celerina Finnestadt-Huddleston, Treasurer

Delfinia Montano, Secretary

Staff

Ricardo Lucero, Mayordomo

Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners

Acequia de Tecolotito

Anton Chico, New Mexico

and

Brian S. Colón, Esq., New Mexico State Auditor

Santa Fe, New Mexico

I have performed the procedures enumerated below for the Acequia de Tecolotito (Acequia) for the year ending December 31, 2019, solely to assist in determining compliance with the provisions of the Audit Act for a Tier 3 entity per Section 12-6-3 B (3) NMSA 1978, Section 2.2.2.16 NMAC and Section 6-6-2 (A) NMSA 1978. The procedures were agreed to by the Acequia through the New Mexico Office of the State Auditor. The Acequia's management is responsible for its accounting records and the subject matter. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings are as follows

1. Verify the local public body's revenue calculation and tier determination documented on the form provided at www.osanm.org under "Tiered System Reporting Main Page."

According to the Acequia's general ledger, total revenues for the fiscal year ending December 31, 2019 were \$1,870 (excluding capital outlay appropriation revenues of \$10,000 from the New Mexico Interstate Stream Commission). Based on this information, the Acequia was properly determined to be a Tier 3 entity for 2019 since their total revenues were less than \$50,000 and they expended the remaining balance of a state capital outlay appropriation during 2019.

2. Perform the following tests on all state-funded capital outlay expenditures:
 - a. Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the purchase order, contract, vendor's invoice and canceled check, as appropriate.

The capital outlay expenditures for the project work were tested. The amount recorded as disbursed (payee, date and description of purchase) agreed with the invoices, canceled checks and supporting documentation.

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- b. Determine that cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures.

The cash disbursements tested were properly authorized and approved in accordance with the project budget, legal requirements and established policies and procedures.

- c. Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).

The project work did not require an invitation for bids. The Acequia obtained quotes from contractor's for the project work and selected the lowest quote in accordance with the State Procurement Code.

- d. Determine the physical existence (by observation) of the capital asset based on expenditures to date.

The completed project work was physically observed on March 4, 2020. The work completed agreed with the invoices and supporting documentation.

- e. Verify that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with the general ledger and other supporting documentation.

The Acequia could not provide evidence showing that the required monthly project information was entered into the database maintained by the New Mexico Department of Finance and Administration. See Finding 2019-001 on p. 6.

3. If the project was funded in advance, determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.

The project was not funded in advance. The Acequia was required to submit request for payment forms, invoices and supporting documentation to the New Mexico Interstate Stream Commission (NMISC).

4. If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor.

The project work was completed and the capital outlay appropriation was fully expended as of December 31, 2019. See the Schedule of Capital Outlay Awards on p. 5.

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5. Determine whether cash received for the award was accounted for in a separate fund or separate bank account that is non-interest bearing if so required by the capital outlay award agreement.

The Acequia used its checking account at the Wells Fargo Bank to account for the cash receipts and disbursements for the capital appropriation project.

6. Determine whether reimbursement requests were properly supported by costs incurred by the recipient. Determine whether the costs were paid by the local public body prior to the request for reimbursement.

On April 10, 2019, the Acequia submitted one Request for Payment form to the NMISC for \$10,000. The NMISC approved the request and paid \$10,000 to the Acequia on April 19, 2019. The amount requested in the Request for Payment form agreed with the invoice and were supported by costs incurred by the Acequia.

The invoices were not paid by the Acequia prior to the requests for payment because the Acequia did not have the necessary funds. The Acequia paid the contractor's invoice after the check was received from the NMISC.

7. The agreed-upon procedures report shall include the capital outlay amount awarded, amount received, amount expended, the remaining balance, and the actual legislation and effective dates for each capital outlay appropriation for which there were expenditures during the fiscal year.

See the Schedule of Capital Outlay Awards on p. 5.

8. If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10 (L) NMAC.

No other findings were noted during the agreed-upon procedures.

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We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the subject matter. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and others with the Acequia, the New Mexico State Auditor, the New Mexico Interstate Stream Commission, the New Mexico Department of Finance & Administration – Local Government Division and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Accounting & Auditing Services, LLC

Accounting & Auditing Services, LLC

Santa Fe, New Mexico

March 4, 2020

**Acequia de Tecolotito
Schedule of Capital Outlay Awards
For the Fiscal Year Ending December 31, 2019**

	<u>1</u>
Amount Awarded for Project	\$ 10,000.00
Amount Received and Expended in 2019	<u>(10,000.00)</u>
Remaining Balance	<u>\$ -</u>

Agreement Provisions

**1 - Agreement Between the NM Interstate Stream Commission and the Acequia de Tecolotito
(Fund C2375 Capital Appropriation Project)**

Legislative Authority: NM Laws of 2018, Chapter 80, Section 25, Paragraph 4

Date of Agreement: December 17, 2018

Project Description: To plan, design, construct and install improvements for Acequia de Tecolotito
in Guadalupe County.

Estimated Project Cost: \$10,000

State Grant Amount: \$10,000

Agreement termination/reversion date: June 30, 2022

**Acequia de Tecolotito
Schedule of Findings and Responses
Fiscal Year Ending December 31, 2019**

Status of Prior Year Findings

Finding 2018-001. No Bank Account Reconciliations – Resolved.

Finding 2018-002. No Annual Budget or Quarterly Reports to DFA-LGD – Resolved.

Current Year Findings

Finding 2019-001. Non-Submission of Monthly Project Status Reports

Condition

The Acequia could not provide documentation showing they entered the monthly project information into the capital project database maintained by the New Mexico Department of Finance and Administration (DFA).

Criteria

Article VIII.A (Database Reporting) of the agreement between the Acequia and the NMISC states that on the last day of each month, the Acequia shall report monthly project activity by entering such project information into the database maintained by the New Mexico Department of Finance and Administration on their website (<http://cpms.dfa.state.nm.us>).

Effect

The grant agreement states that failure to perform and/or certify updates into the database will delay or potentially jeopardize the reimbursement of funds to the Acequia.

Cause

The current President of the Acequia stated that the former President of the Acequia submitted the monthly project information into DFA's database but did not print or maintain copies of the reports generated by DFA's Capital Project Monitoring System.

Recommendation

At the end of each month, management of the Acequia should enter the required project information into DFA's database in accordance with the terms of the grant agreement. Management of the Acequia should also print and maintain the monthly capital project appropriation report submitted to DFA.

Acequia de Tecolotito
Schedule of Findings and Responses
Fiscal Year Ending December 31, 2019

Management's Response

Effective February 29, 2020, the President of the Acequia will enter the project information into DFA's database at the end of each month and will print and maintain copies of the capital project appropriation report generated by DFA's Capital Project Monitoring System.

**Acequia de Tecolotito
Exit Conference
Fiscal Year Ending December 31, 2019**

On March 4, 2020, the following officials held an exit conference and discussed the results of the agreed upon procedures and the contents of this report:

Acequia de Tecolotito

Mary S. Baca, President

Accounting & Auditing Services, LLC

Steve B. Archibeque, CPA, Audit Manager